

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 96-900

March 3, 1999

PUBLIC UTILITIES COMMISSION/NYNEX,  
Schools and Libraries Project

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

In this Order, we allow for limited additional financial support for the State's ATM (Asynchronous Transfer Mode) project from the funds set aside for the Maine School and Library Network (MSLN).

**II. BACKGROUND - ATM PROJECT**

The State's voters approved a \$15 million bond issuance in 1995 to fund the infrastructure and classroom equipment for interactive fiber optic cable and ATM (Asynchronous Transfer Mode) switching to be used by Maine's high schools and selected libraries (approximately 158 sites). Beginning in 1996, seven sites participated in a pilot and are currently using this technology. Sites can use their ATM connection for voice, data (instead of a 56 kbps or T-1 connection) and video. The State entered into a contract with Bell Atlantic (BA) in December 1996 which allows eligible sites to receive ATM service for \$2075 per month, regardless of location. The Maine Department of Education (DOE) issued an RFP for networking equipment in February 1999, with bids due March 1, 1999. Besides the pilot sites, approximately 20 sites are interested in using the technology in the 1999-2000 school year. The bond revenues are to be used to purchase equipment necessary for each site to receive and transmit across the ATM network. These funds are not available for the costs of carrying the traffic over the network.

**III. BOARD REQUEST**

On February 24, 1999, the Maine School and Library Network Advisory Board asked the Commission to consider allowing additional financial support for schools and libraries eligible to participate in the State's ATM project. These are sites that would likely be eligible to receive a T-1 connection from MSLN, pursuant to our recent order. Order, Docket No. 96-900 (Dec. 2, 1998).

Under the MSLN program changes approved by the Commission in December 1998, sites that have a demonstrated need for expanded bandwidth can receive a free T-1

connection or they can receive the out-of-pocket incremental cost of a T-1 to purchase an alternative that is at least equivalent to a T-1. BA estimates the out-of-pocket cost to be approximately \$114 per month. Therefore, sites choosing ATM instead of a T-1 would receive \$114 per month toward the monthly charge of \$2075.

The Department of Education is helping all interested sites in filing federal E-Rate applications for discounts for ATM service. DOE projects that most high schools will qualify for a 60-70% discount off the monthly charge of \$2075, leaving a 60% discount site with \$830 less \$114 or \$716 to pay per month and a 70% discount site with \$623 less \$114 or \$509 to pay per month. According to DOE, these monthly charges, even though discounted, create a financial barrier to some sites obtaining ATM.

The Board made two proposals for additional support for ATM. First, the Board asks for funds to pay for the OC-3 line that will carry the ATM traffic between Portland and Orono. The State has entered into a contract with Bell Atlantic to pay \$4700 for the use of this line. The Board recommends that the MSLN project pay the \$4700 month charge for the OC-3 line through June of 2000 (\$70,500).

Second, Board members representing the Department of Education and State Library request that the Commission consider additional support to decrease the \$2075 monthly charge, beyond the \$114 AEV amount. DOE/MSL offered four proposals for additional funds to lower this monthly charge: 1) MSLN pays Bell Atlantic its out-of-pocket incremental monthly cost of ATM. Bell Atlantic, to date, has been unable to provide this number; 2) MSLN pays 25% of the \$2075 monthly charge, or \$518 per month; 3) MSLN pays a flat amount of \$400 per month; or 4) MSLN pays one-half of any amount remaining after the E-Rate discount is applied (i.e., if a 60% E-Rate discount - \$358; 70% - \$254).

#### **IV. DECISION**

In our original orders creating MSLN, we ordered Bell Atlantic to spend up to \$20 million over 5 years to connect Maine's schools and libraries to the Internet. Our purpose was to allow all sites an opportunity to receive a basic level of connectivity. By spring of 1997, virtually every eligible school and library in the State (over 1100 sites) had a 56 kbps connection to the Internet, or an equal alternative connection of their choosing. Recently, when we learned that some sites were unable to fully utilize their connections due to high traffic at their sites, we allowed for limited installation of higher speed connections. On a parallel track, DOE has been developing the ATM project and is only now looking toward operations beyond the pilot phase.

We agree some limited additional support for ATM seems reasonable as these sites will use ATM for their Internet traffic previously carried as part of the MSLN. We approve payment of \$4700 per month for the OC-3 line charge through June 2000, as this will carry traffic that would ordinarily be transported across the MSLN network backbone. We also

agree that some additional support is reasonable after the federal E-Rate discount is applied toward the \$2075 monthly charge. Therefore, we will allow up to \$358 (rather than \$114) for schools choosing ATM. Our intent is to support about half the amount remaining after the discount is applied. However, we prefer a set amount rather than having the amount vary depending on the discount. The amount received shall not exceed any amount remaining after the E-Rate discount is applied and a site must apply for E-Rate in order to receive the MSLN support. This subsidy shall continue through June 2000. Together, these two changes are likely to cost less than \$200,000.

Without further legislative authority, we are reluctant to expand further either the MSLN or support for the ATM project. We anticipate that the Legislature will provide additional direction about whether, and by how much, Maine's telecommunication ratepayers should continue to support high speed telecommunication services in Maine's school and libraries beyond its current parameters.

Dated at Augusta, Maine this 3rd day of March, 1999.

BY ORDER OF THE COMMISSION

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Dennis Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

### NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320 (1)-(4) and the Maine Rules of Civil Procedure, Rule 73 et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320 (5).

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